

Message Text

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C O N F I D E N T I A L STATE 155893

PARIS FOR ENDERS AND JULIUS KATZ

FOL REPEAT TEHRAN 6258 SENT ACTION SECSTATE INFO JIDDA

JUNE 30, 1975

QUOTE

C O N F I D E N T I A L TEHRAN 6258

E.O. 11652: GDS

TAGS: EFIN, SA

SUBJ: UNDER SECRETARY ROBINSON'S VISIT WITH QURAISHI OF SAMA

1. UNDER SECRETARY ROBINSON HAD A CORDIAL AND USEFUL VISIT WITH ABD AL AZIZ QURAISHI, GOVERNOR OF SAUDI ARABIAN MONETARY AGENCY IN JIDDA. UNDER SECRETARY INFORMED QURAISHI THAT ATMOSPHERE WAS LESS COOL TOWARD SAUDI INVESTMENT IN US. HE SAID THAT ORIGINAL FEAR OF TAKEOVERS BY OPEC MONEY SEEMED TO BE PASSING. MR. ROBINSON ALSO URGED THAT THE SAG CONSIDER CREATING SOME KIND OF ENERGY FUND IN THE US. HE MADE IT CLEAR WE WERE NOT TOUTING PRIVATE PROPOSALS SUCH AS THAT OF ROBERT ROOSA, BUT ARE INTERESTED IN SEEING THE SAUDIS PRESENT THEIR INVESTMENT IN THE US IN AS FAVORABLE A LIGHT AS POSSIBLE. AS THEY ARE ALREADY INVESTING IN ENERGY INDUSTRIES, THEY COULD SIMPLY CLOTHE THOSE INVESTMENTS IN SLIGHTLY DIFFERENT GUISE. THIS WOULD DRAMATIZE THE CONTRIBUTION

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WHICH THEIR MONEY WILL MAKE TO US INDUSTRY.

2. GOVERNOR QURAISHI WAS PLEASED THAT RECEPTIVITY TO INVESTMENT FROM OPEC IS GROWING. HE APPEARED RELIEVED AT THE NEWS HE HAD JUST RECEIVED THAT IRS HAD RULED, ON JUNE 27, THAT SAMA INVESTMENT IN THE US PRIVATE SECTOR WOULD BE EXEMPT FROM FEDERAL TAXES UNDER CHAPTER 892 OF THE IRS CODE. QURAISHI SAID THIS WOULD PAVE THE WAY FOR A \$250 MILLION LOAN TO A.T.&T., WHICH SAMA NOW HAS UNDER PREPARATION. THE GOVERNOR ALSO INFORMED US THAT SAMA WILL ANNOUNCE AN ENERGY-TYPE LOAN IN BRITAIN ANY DAY NOW. THE 250 MILLION POUNDS STERLING WILL GO TO THE SCOTTISH ELECTRIC POWER AUTHORITY AND THE COAL BOARD.

3. UNDER SECRETARY THEN RAISED THE ISSUE OF SAUDI PURCHASE OF BANKS SUCH AS BANK OF THE COMMONWEALTH IN DETROIT. HE POINTED OUT THAT SUCH PURCHASES PROBABLY CAUSED SOME ILL WILL IN THE US BECAUSE OF SENSITIVITY TO WHAT HAPPENS IN THE BANKING SECTOR. QURAISHI REPLIED THAT SUCH ACTIVITY WAS PURELY PRIVATE. SAMA HAS NOTHING WHATSOEVER TO DO WITH PRIVATE ACTIVITY AND DOES NOT INTERFERE IN ANY WAY WITH THE PRIVATE SECTOR IN SUCH CASES.

HELMS

UNQUOTE. INGERSOLL

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